

TransCanada's Bison natural gas pipeline experienced a line break on the evening of July 20, 2011 near Gillette, Wyoming. There were no injuries or third-party property damaged as a result of this incident. The safety mechanisms on the pipeline worked as they were designed, shutting down the flow of gas within minutes of the break occurring.

A subsequent investigation determined the cause of the rupture to be external damage but was unable to conclusively determine when this happened. We determined the damage most likely occurred during backfilling at the end of construction. This damage was not observed directly by our staff and no incidents were reported by the contractor that did the backfilling work. Pipeline material and welding quality were not contributing factors to the line break.

Construction and installation of the pipeline was closely monitored by qualified pipeline inspectors reporting directly to TransCanada. The Bison pipeline was built under the U.S. Pipelines and Hazardous Materials Safety Administration's (PHMSA) new Alternative Maximum Allowable Operating Pressure regulations, which are more stringent safety requirements for pipelines operating at 80% of their specified minimum yield strength. This resulted in increased inspections and audits by PHMSA and we worked cooperatively with the regulator to improve our construction practices accordingly. PHMSA carefully inspected our welding practices throughout the project and TransCanada was commended for its exceptional performance in this area.

Prior to being placed into service, the Bison pipeline was hydrostatically tested (filled with water and pressurized to a level high above its maximum operating pressure), which it passed. A caliper in-line inspection of the entire pipeline was also completed and found that it met all pipeline safety regulations before it went into service in January 2011. An in-line inspection for metal loss was completed a few weeks before the rupture under a regulatory requirement for a baseline inspection within the first three years of operation. The data from this inspection had not been received at the time of the failure.

We believe that the minor damage that occurred during backfilling may have grown as a result of the hydrostatic test and subsequent pressure cycles from initial loading of the line. This defect, which had otherwise evaded detection, caused the pipeline to fail.

Subsequent to the failure, TransCanada used the unique signature of this defect to conduct a detailed analysis of pipeline inspection data for the entire line, undertook extensive testing and inspection work, and confirmed there were no signs of mechanical damage anywhere else in the system. A detailed review of this work was carried out with PHMSA before the pipeline was deemed to be safe to return to service in late-July 2011.

The Bison Pipeline remains under a PHMSA corrective action order, which is standard practice following an incident such as this. TransCanada was not subject to any fines or civil penalties and the Bison Pipeline has not experienced any other safety issues since that time.